

Non-Bayesian Information Design: Learning and LLM-Based Approaches

Tao Lin

Microsoft Research (2025) → CUHK-Shenzhen (2026)

Information Design

An economic model about ***information asymmetry***: one player (“sender”) strategically reveals information to influence the decision of another player (“receiver”).



Life is easier on iPhone.

And that starts as soon as you turn it on.

Examples:

- Advertising
 - Seller reveals product information to buyers
- School designs letter grading scheme
- Professor writing recommendation letter
- ...

Information Design is a form of “Persuasion”

One Quarter of GDP Is Persuasion

*By DONALD McCLOSKEY AND ARJO KLAMER**

— The American Economic Review Vol. 85, No. 2, 1995.

[Home](#) > [Publications](#) > [Economic Roundup Issue 1, 2013](#) > Persuasion is now 30 per cent of US GDP

Persuasion is now 30 per cent of US GDP

Gerry Antioch¹

Date: 06 June 2013

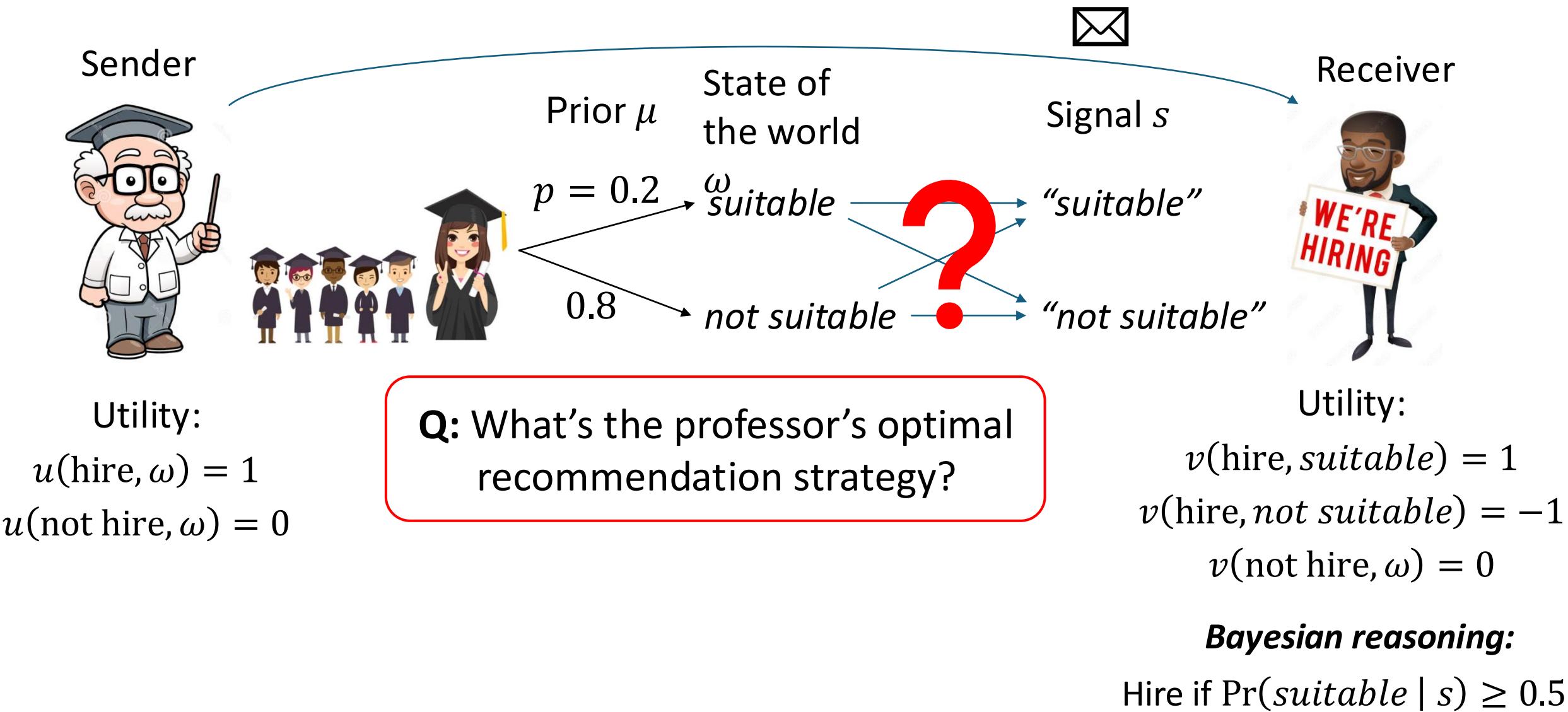
Classical Information Design Models

- Many classical models for information design:
 - “Information Disclosure Games” (Grossman, 1981; Milgrom 1981)
 - “Cheap Talk” (Crawford & Sobel, 1982)
 - “Bayesian Persuasion” (Kamenica & Gentzkow, 2011)
 - ...
- **Common modeling approach:**
 - **Abstract signal space:** The information transmitted from sender to receiver is modeled by a random variable s correlated with the state of the world ω
 - **Bayesian receiver:** The receiver does Bayes update after receiving s
- **Importantly, how the signal s is communicated (e.g., wording) doesn't matter.**
- Our work: *non-Bayesian* information design, via “learning + LLM” approaches.

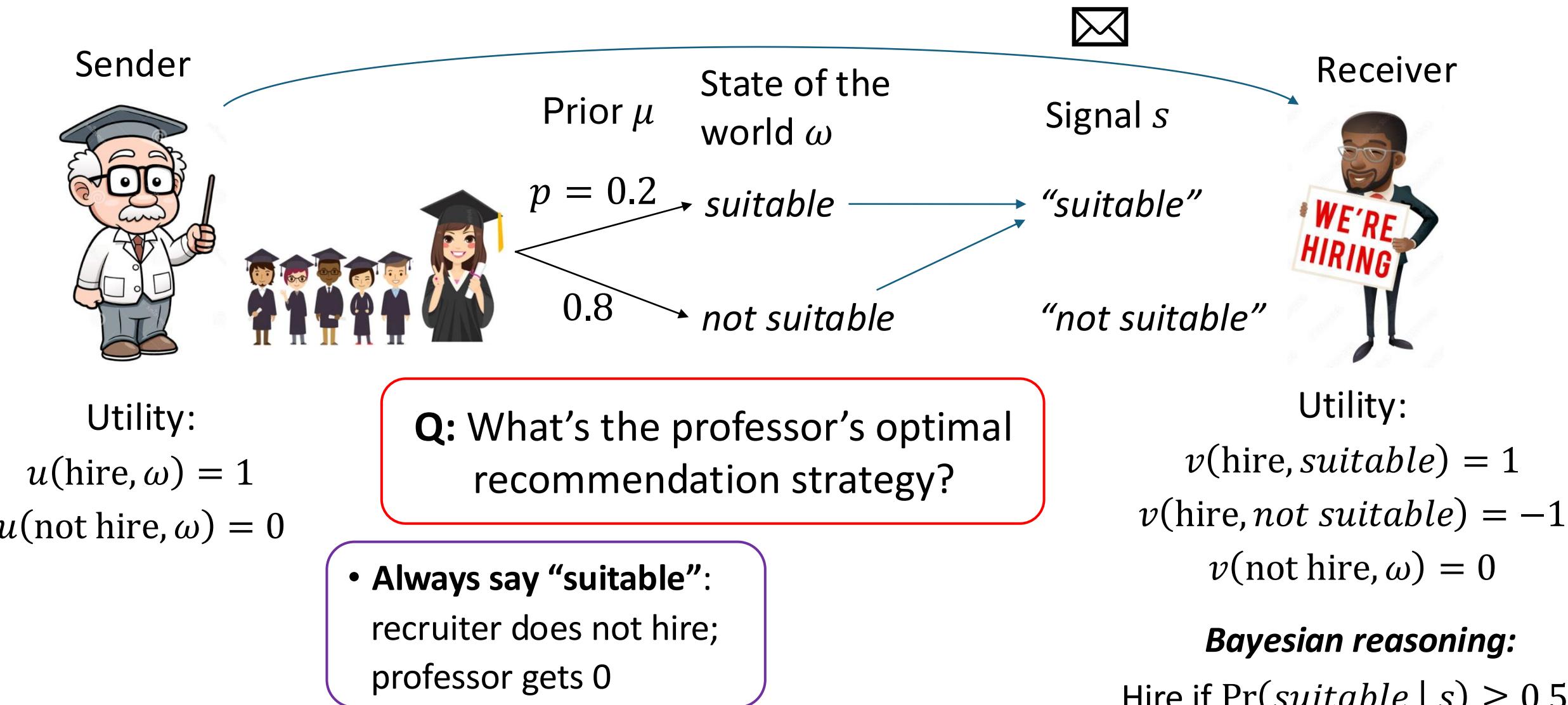
Outline

- Background on a Classical Information Design Model:
“Bayesian Persuasion” [Kamenica & Gentzkow, 2011]
- Information Design with a **Learning** Receiver
- Information Design with **Large Language Models**

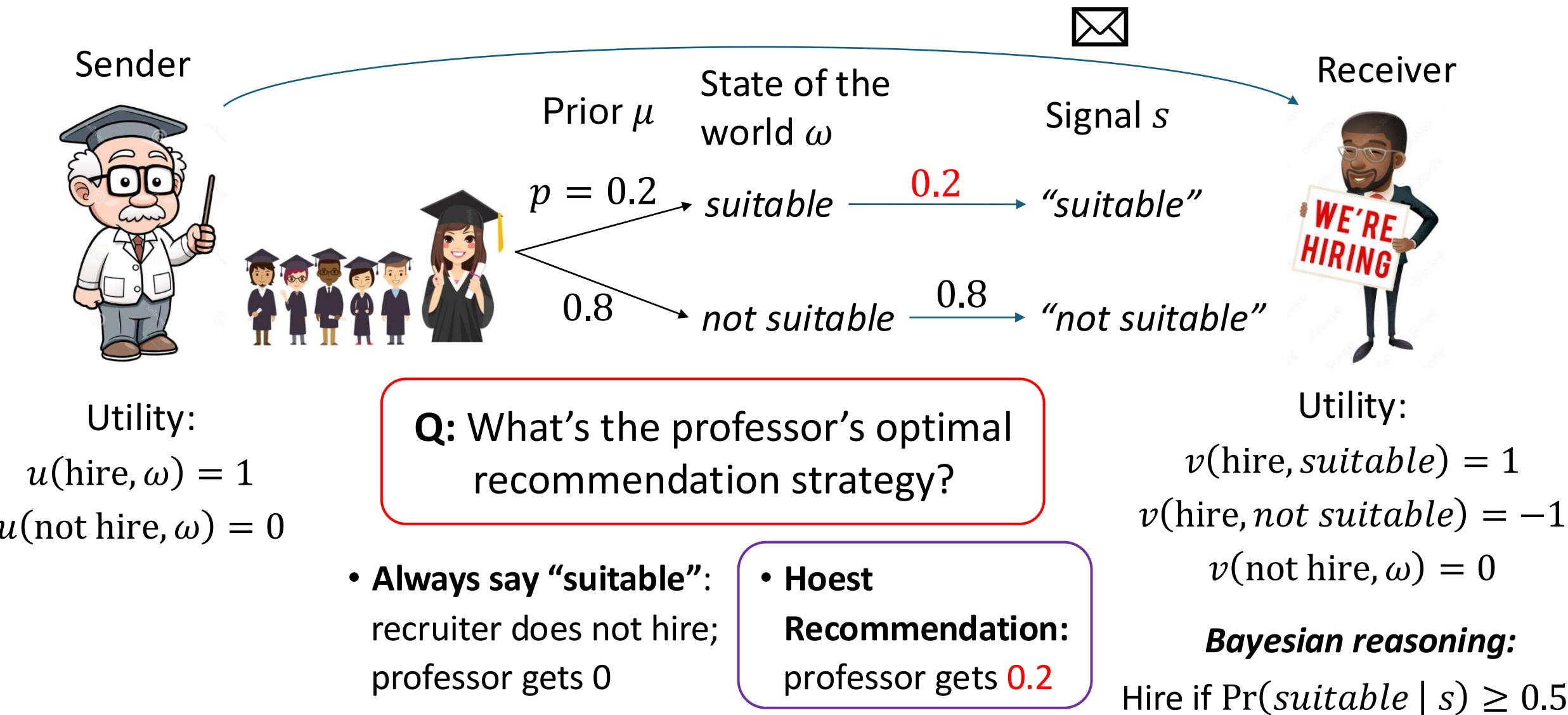
Example of Bayesian Persuasion: Recommendation Letter



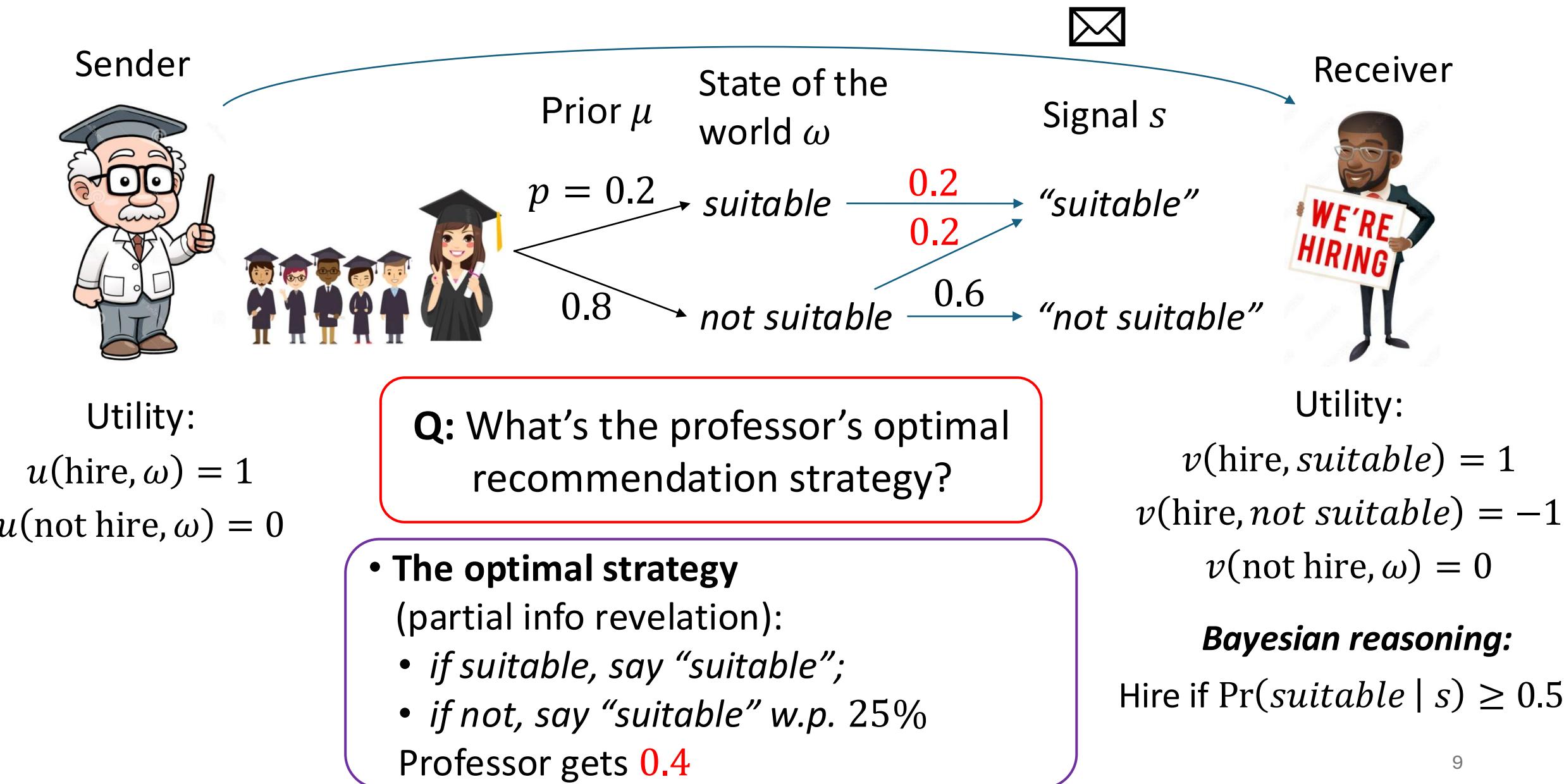
Example of Bayesian Persuasion: Recommendation Letter



Example of Bayesian Persuasion: Recommendation Letter



Example of Bayesian Persuasion: Recommendation Letter



Key Assumptions in Classical BP Theory

Learning

- **Commitment:**

- Sender can commit to a randomized mapping (“signaling scheme”)
 $\pi: \Omega \rightarrow \Delta(S)$ before state realization.

- **Bayesian receiver:**

- The receiver knows the prior μ and the sender’s signaling scheme π ,
and does Bayes update after receiving signal s (and best responds)

- **Abstract signal space:**

- Language doesn’t matter – only the correlation between signal and state matters.

LLM

Outline

- Background on a Classical Information Design Model:
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Generalized Principal-Agent Problem with a Learning Agent



Tao Lin



Yiling Chen

Harvard University

ICLR (International Conference on Learning Representations), 2025

Quantitative Economics, 2026

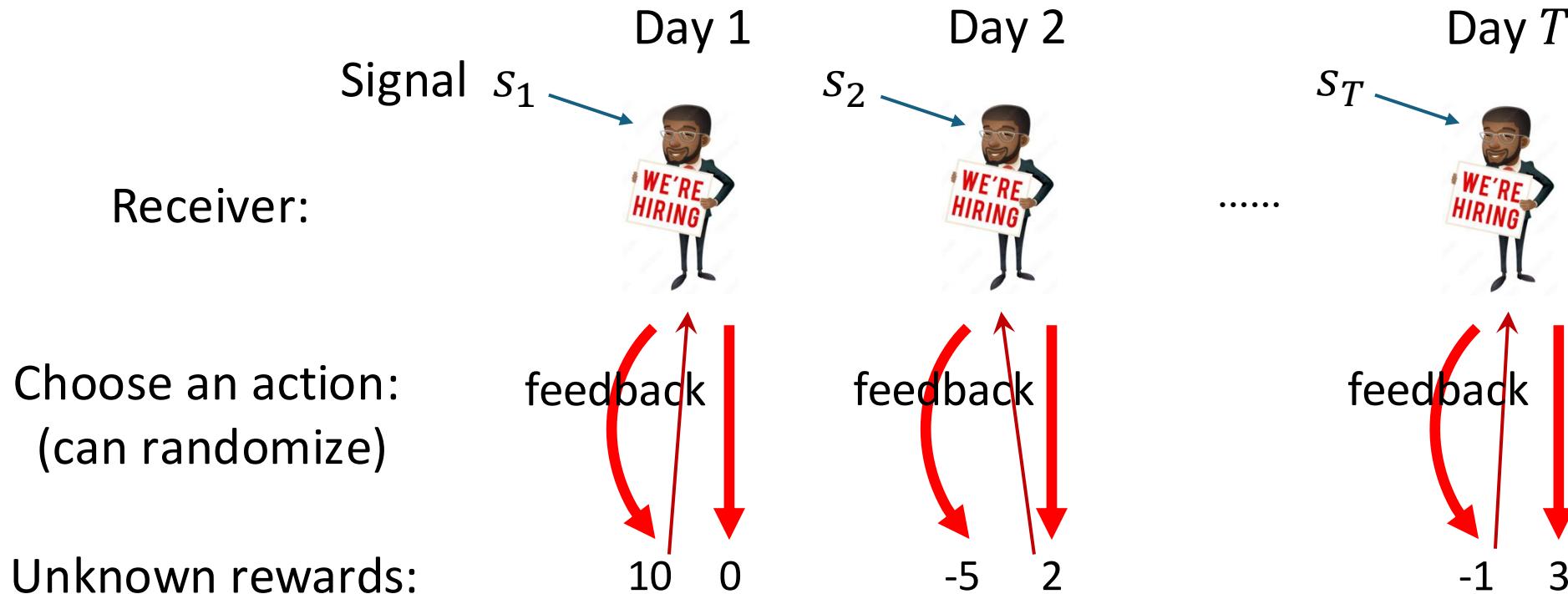
Learning in games has a long history

- Adaptive Dynamics & Fictitious Play: Brown (1951), Robinson (1951), Shapley (1953)
- The Theory of Learning in Games: Fudenberg & Levine (1991)
- No-regret learning and correlated equilibrium:
 - Hart & Mas-Colell (2000); Blum & Mansour (2007)
- Prediction, Learning, and Games: Cesa-Bianchi & Lugosi (2006)
-

Our work:

- *Replaces the Bayesian receiver with a learning receiver in information design problems*
- *Studies whether the learning outcome matches the classical outcome.*

Receiver's Learning Problem: *Contextual Multi-Armed Bandit*



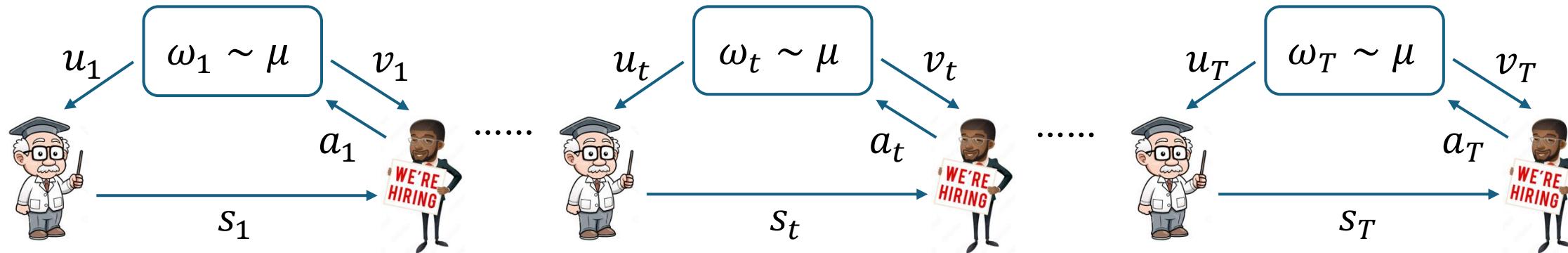
(Contextual) No-Regret Property

For any sequence of unknown rewards, after T rounds,

$$\mathbb{E}[\text{Total reward obtained}] \geq \text{Total reward of the best signal-to-action mapping} - O(\sqrt{T})$$

No-regret learning algorithms exist; most are based on “smoothed best response to history”.

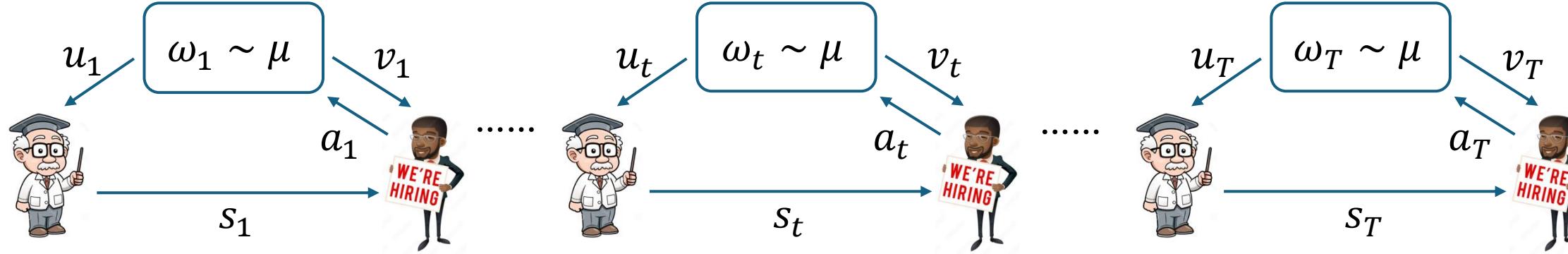
Information Design with a Learning Receiver



- Two players: sender and receiver
- Sender knows the state distribution $\mu \in \Delta(\Omega)$, which the receiver doesn't need to know
- At each round t :
 - The receiver uses a **Contextual MAB** algorithm to decide, for each possible signal, what action to choose: $\rho_t: S \rightarrow \Delta(A)$ (based on history)
 - State $\omega_t \sim \mu$ is realized
 - Sender sends signal $s_t \sim \pi_t(\cdot | \omega_t)$
 - Receiver takes action $a_t \sim \rho_t(\cdot | s_t)$
 - The two players obtain utilities $u(a_t, \omega_t), v(a_t, \omega_t)$

No commitment: “Bayesian Persuasion” = “Cheap Talk” (Crawford & Sobel, 1982)

Information Design with a Learning Receiver



Our Questions:

With a learning receiver,

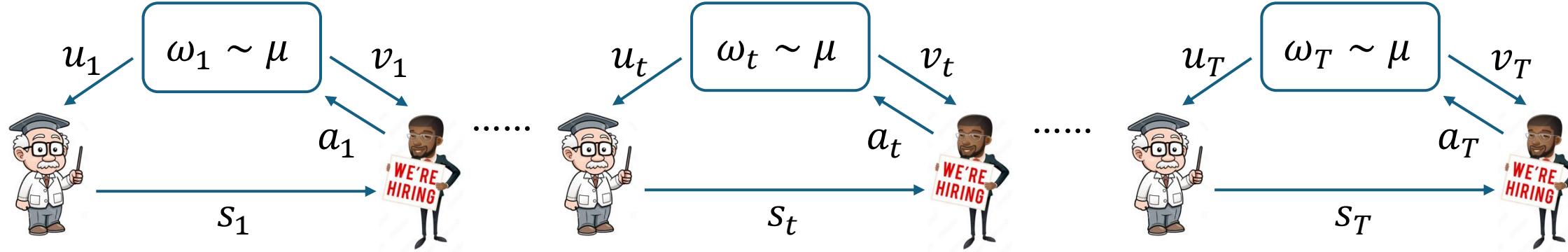
- Can the sender still achieve the classical outcome (with commitment and Bayesian receiver)?

$$U_{\text{sender}}(\text{learning receiver}) \geq U_{\text{sender}}^*(\text{Bayesian receiver})$$

- Can the sender ***do better than*** the classical outcome?

$$U_{\text{sender}}(\text{learning receiver}) > U_{\text{sender}}^*(\text{Bayesian receiver})$$

Main Contributions

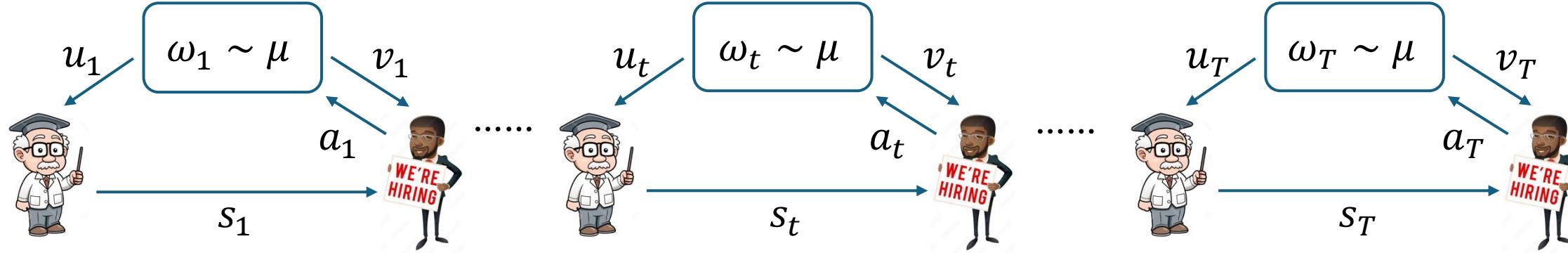


Result 1:

With a learning receiver,

- The sender can achieve the classical outcome:
 - $U_{\text{sender}}(\text{learning receiver}) \geq U_{\text{sender}}^*(\text{Bayesian receiver}) - O(\sqrt{\text{Reg}(T)})$
 - **How?** Just use the optimal signaling scheme π^* in the classical setting. The receiver will learn to best respond as $T \rightarrow \infty$
 - **Why** $O(\sqrt{\text{Reg}(T)})$? The receiver may take $\sqrt{\text{Reg}(T)}$ -sub-optimal action in $\sqrt{\text{Reg}(T)}$ fraction of time, causing a total loss of $\sqrt{\text{Reg}(T)}$ to the sender.

Main Contributions



Result 2:

With a learning receiver,

- The sender can achieve the classical outcome.
- Can the sender ***do better than*** the classical outcome?
 - Yes, for all “smoothly-best-responding” no-regret learning receivers: \exists instance,
 $U_{\text{sender}}(\text{learning receiver}) > U^*_{\text{sender}}(\text{Bayesian receiver}) + \text{Const}$
 - No, for all “no-swap-regret” learning receivers.

Intuition for why *doing better* is possible: Dynamic Strategy

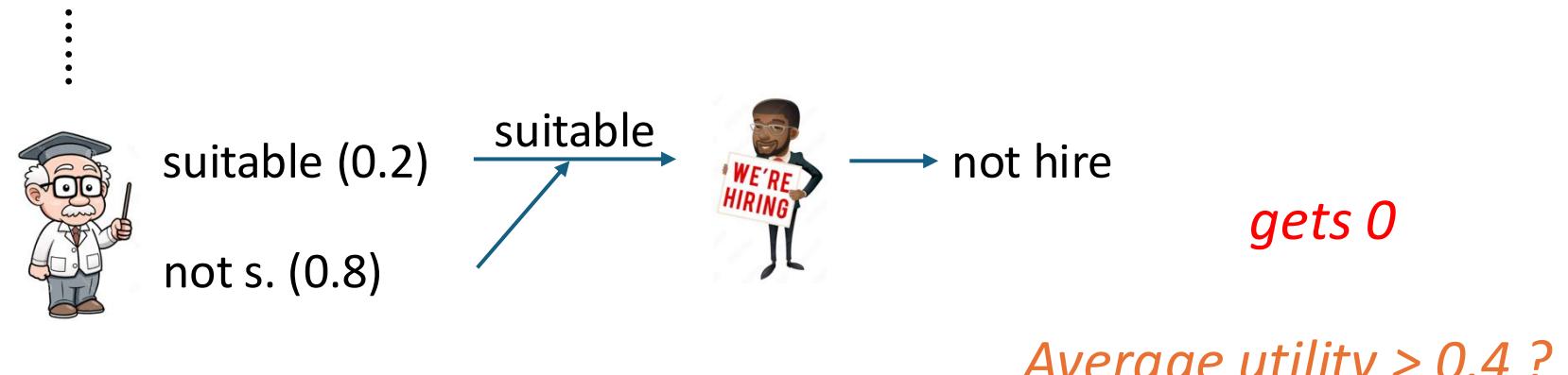
First,
honest recommendation:



Then, always
say “suitable”:



After some time, the
receiver will realize that
the signal is not truthful:



No-Swap-Regret Learning Algorithms

No-Regret

For any sequence of reward functions, after T rounds,

$$\mathbb{E}[\sum_{t=1}^T v_t(a_t)] \geq \max_{a \in A} \mathbb{E}[\sum_{t=1}^T v_t(a)] - o(\sqrt{T}).$$

Many no-regret MAB algorithms do “smoothed best response to history”.

No-Swap-Regret

For any sequence of reward functions, after T rounds,

$$\mathbb{E}[\sum_{t=1}^T v_t(a_t)] \geq \max_{\phi: A \rightarrow A} \mathbb{E}[\sum_{t=1}^T v_t(\phi(a_t))] - o(\sqrt{T}).$$

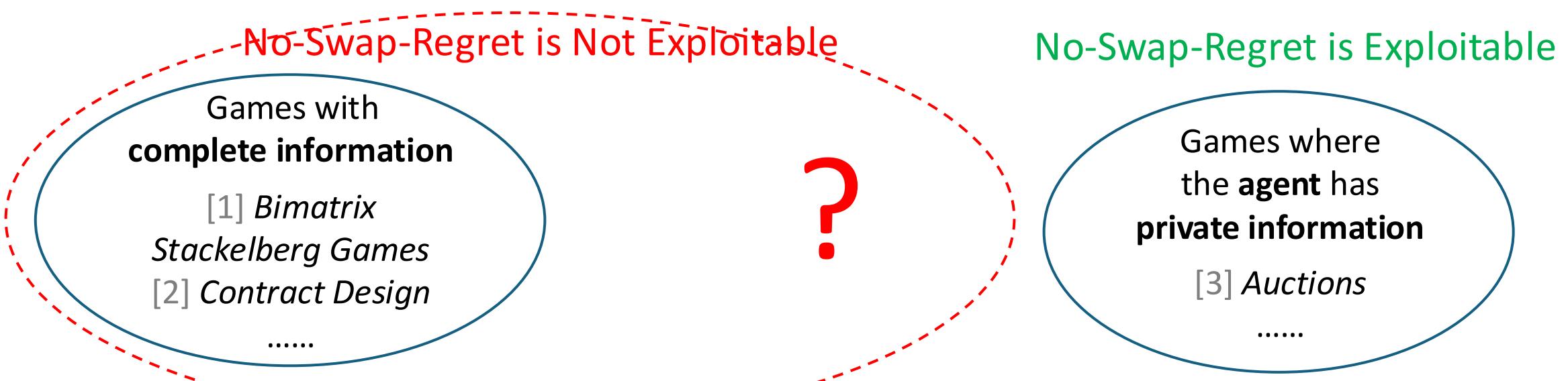
No-swap-regret MAB algorithms exist: [Hart & Mas-Colell, 2000] [Blum & Mansour, 2007]

Why can't the sender exploit a no-swap-regret learning receiver?

- Consider the signal-action pair (s_t, a_t) as a *joint signal* from some signaling scheme $\tilde{\pi}$.
- No-swap-regret guarantees approximate best response to $\tilde{\pi}$.

Our & Previous Work on Learning in Principal-Agent Games

- “Smoothly-best-responding” no-regret learning agents are exploitable in many games [1] [2]
- If the agent does **no-swap-regret** learning, then the principal
 - *cannot exploit* the agent in the games in [1] [2]: $U(\text{learning}) < U^*(\text{rational}) + o(1)$
 - *can exploit* the agent in some other games [3]: $U(\text{learning}) > U^*(\text{rational}) + \text{const}$



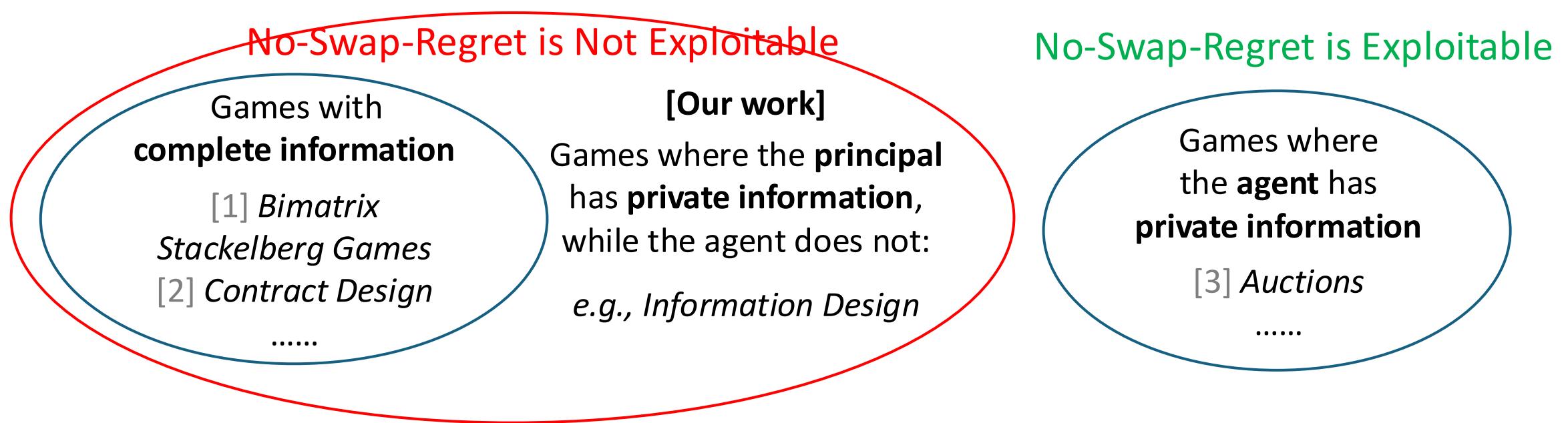
[1] Deng, Schneider, Sivan (2019). Strategizing against No-regret Learners.

[2] Guruganesh, Kolumbus, Schneider, Talgam-Cohen, Vlatakis-Gkaragkounis, Wang, Weinberg (2024). Contracting with a Learning Agent.

[3] Braverman, Mao, Schneider, Weinberg (2018). Selling to a No-Regret Buyer.

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Information Design with Large Language Models

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Working paper (arXiv 2025)

Key Assumptions in Classical BP Theory

Learning

- **Commitment:**
 - Sender can commit to a randomized mapping (“signaling scheme”) $\pi: \Omega \rightarrow \Delta(S)$ before state realization.
- **Bayesian receiver:**
 - Knowing the prior μ and signaling scheme π , the receiver does Bayes update after receiving signal s (and then best responds)
- **Abstract signal space:**
 - Language doesn’t matter – only the correlation between signal and state matters.

We aim to capture the linguistic aspect of persuasion

Example 1: Framing Effect (Tversky & Kahneman, 1981)



Example 2: Slogan/Logo of a Brand

The Slogan/Logo Framing Effect



Framing Changes Feelings, Not Facts.

Our Contributions

- 1) We propose a **theoretical model** for “Information Design with Framing Effect”.
- 2) We use **Large Language Models** to
 - simulate real-world framing effect, and
 - optimize framing.

A Theoretical Model for “Persuasion with Framing Effect”

- Two players: sender  receiver 
- Sender chooses a **framing c** from a set of framings \mathcal{C}
 - Sender has prior belief $\mu_0 \in \Delta(\Omega)$ for the state
 - The **framing c** shapes the receiver's *prior belief* to be $\mu_c = \ell(c)$
 - $\ell: \mathcal{C} \rightarrow \Delta(\Omega)$ is a “*belief oracle*”
- With the receiver's prior belief being μ_c , Bayesian Persuasion game happens:
 - Sender designs a signaling scheme $\pi: \Omega \rightarrow \Delta(S)$, and sends signal $s \sim \pi(\cdot | \omega)$
 - After receiving s , the receiver obtains posterior belief $\mu_c(\cdot | s, \pi)$ by Bayes-updating from μ_c , and chooses an optimal action $a_{s, \pi}^*(\mu_c) \in \operatorname{argmax}_{a \in A} \sum_{\omega \in \Omega} \mu_c(\omega | s, \pi) v(a, \omega)$
 - Sender obtains utility $u(a_{s, \pi}^*(\mu_c), \omega)$

Framing c can be thought of a “context”:

- does not depend on the state ω , but still affects the receiver's prior belief

We study two sub-problems

- Two players: sender  receiver 
- Sender chooses a **framing c** from a set of framings \mathcal{C}
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Problem 1: Framing-Only Optimization:

Fix π , find $\max_{c \in \mathcal{C}} \mathbb{E}_{\omega \sim \mu_0, s \sim \pi(\cdot | \omega)} [u(a_{s, \pi}^*(\mu_c), \omega)]$



Problem 2: Joint Optimization:

$\max_{c \in \mathcal{C}, \pi: \Omega \rightarrow \Delta(S)} \mathbb{E}_{\omega \sim \mu_0, s \sim \pi(\cdot | \omega)} [u(a_{s, \pi}^*(\mu_c), \omega)]$

Main Theoretical Finding:

Joint Optimization *is easier than* Framing-Only Optimization

Theorem 1:

Computing the optimal framing c^* is NP-hard



Problem 1: Framing-Only Optimization:

Fix π , find $\max_{c \in C} \mathbb{E}_{\omega \sim \mu_0, s \sim \pi(\cdot | \omega)} [u(a_{s,\pi}^*(\mu_c), \omega)]$

Theorem 2:

There exists a $\text{poly}\left(|\Omega|^{\frac{\log |A|}{\varepsilon^2}}\right)$ time algorithm
to compute an ε -optimal (c^*, π^*) pair
(under some oracle assumptions)



Problem 2: Joint Optimization:

$\max_{c \in C, \pi: \Omega \rightarrow \Delta(S)} \mathbb{E}_{\omega \sim \mu_0, s \sim \pi(\cdot | \omega)} [u(a_{s,\pi}^*(\mu_c), \omega)]$

Main Theoretical Finding:

Joint Optimization *is easier than* Framing-Only Optimization

Intuitions:

- Optimizing framing c is equivalent to optimizing prior belief $\mu_c \in B = \{\ell(c) : c \in C\}$
- Write the sender's objective as a function of μ_c and π :

$$U(\mu_c, \pi) = \mathbb{E}_{\omega \sim \mu_0, s \sim \pi(\cdot | \omega)} [u(a_{s,\pi}^*(\mu_c), \omega)]$$

- **Observation 1:** Fixing π , $U(\mu_c, \pi)$ is a **discontinuous** function of μ_c
 - Small change in c (small change in μ_c) \rightarrow Small change in posterior belief \rightarrow Sudden change in receiver's action \rightarrow Large change in sender's utility
- **Observation 2:** $U^*(\mu_c) = \max_{\pi: \Omega \rightarrow \Delta(S)} U(\mu_c, \pi)$ is a **continuous** function of μ_c



Problem 1: Framing-Only Optimization:

Fix π , find $\max_{c \in C} \mathbb{E}_{\omega \sim \mu_0, s \sim \pi(\cdot | \omega)} [u(a_{s,\pi}^*(\mu_c), \omega)]$



Problem 2: Joint Optimization:

$\max_{c \in C, \pi: \Omega \rightarrow \Delta(S)} \mathbb{E}_{\omega \sim \mu_0, s \sim \pi(\cdot | \omega)} [u(a_{s,\pi}^*(\mu_c), \omega)]$

Our Contributions

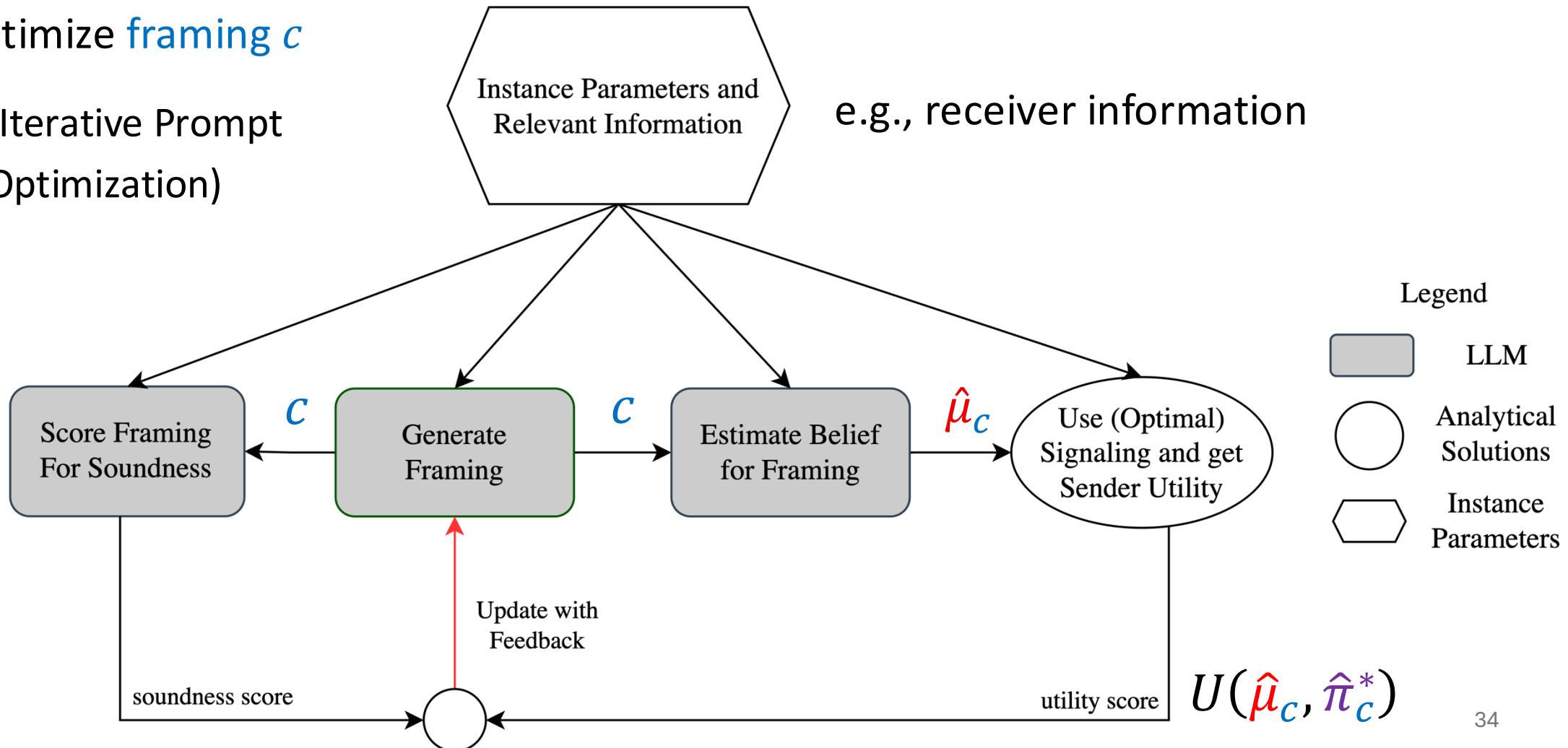
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- 2) We use **Large Language Models** to
 - simulate real-world framing effect, and
 - optimize framing.

Framing-Signaling Joint Optimization using LLM

We use LLM to do two things:

- Simulate the framing-to-belief oracle $\ell: \mathcal{C} \mapsto \hat{\mu}_c$
- Optimize framing c

(Iterative Prompt
Optimization)



Case Study: House Buying

Sender: a realtor
(house-selling agent)

State: quality of a house

Framing c: description of the realtor:

*“Meet **Jeremy Hammond**, a dedicated realtor with over 8 years of experience, specializing in finding the perfect homes for outdoor enthusiasts like you.... Trust Jeremy to help you discover a home that complements your active lifestyle while staying within your budget.”*

Signal (recommendation) s: “buy” or “not buy”



Receiver: a potential house-buyer

Henry lives in Boston and is an avid outdoor person who enjoys hiking and being in nature. For him, a “good” house has low maintenance, affords easy access to trails, biking, running etc, and far from the main city. He is single and doesn't like a family-oriented house. He is looking for houses less than \$500,000.

State-independent!

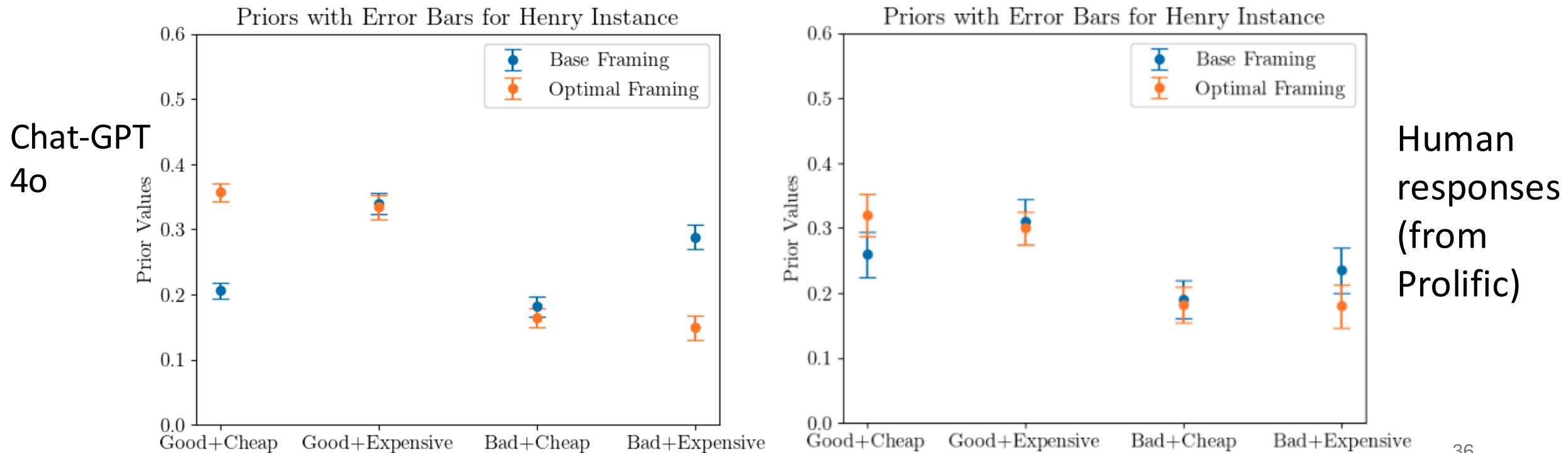
Experiment 1: Use LLM to simulate the belief oracle $\ell: \mathcal{C} \mapsto \mu_{\mathcal{C}}$

Why?

- Previous works showed that prompted LLM can simulate specific group of people.
- When people delegate decisions to AI agents, we will persuade AI agents.

How?

- Provide the realtor description \mathcal{C} to LLM (without recommendation s)
- Ask LLM to output the buyer's prior belief about the state of the house.



Experiment 2.1: Use LLM to optimize framing c

| Framing for the “Henry” Instance | Utility |
|---|---------|
| No framing - receiver prior equal to sender prior | 0.28 |
| Realtor Jeremy Profile from the Instance Description | 0.30 |
| Best LLM Framing: <i>Meet Jeremy Hammond, a dedicated realtor with over 8 years of experience, specializing in finding the perfect homes for outdoor enthusiasts like you. Living in Downtown Boston, Jeremy understands the balance between city life and access to nature. With a background as a contractor, he ensures that every property meets your low-maintenance needs. When he's not helping clients, you can find him hiking local trails or enjoying his backyard garden. Trust Jeremy to help you discover a home that complements your active lifestyle while staying within your budget.</i> | 0.40 |
| Analytical Upper Bound (Optimal Joint Strategy when $B = \Delta(\Omega)$) | 0.41 |

LLM generates sentences not in the given realtor profile, tailored to Henry

Experiment 2.2: Use LLM to optimize framing c

| Framing for the “Lilly” Instance | Utility |
|---|---------|
| No framing - receiver prior equal to sender prior | 0.33 |
| Realtor Jeremy Profile from the Instance Description | 0.33 |
| Best LLM Framing: <i>Introducing Jeremy Hammond, a seasoned realtor with 8 years dedicated to helping families find their dream homes in Boston's suburbs. With a rich background as a contractor, Jeremy excels in identifying spacious, family-friendly properties with excellent school districts—just what you need for your kids. As a fellow dog owner, he knows the importance of a great yard and a welcoming neighborhood. Trust Jeremy to leverage his local expertise and commitment to family values as he guides you to affordable yet quality homes that fit your family's lifestyle.</i> | 0.42 |
| Analytical Upper Bound (Optimal Joint Strategy when $B = \Delta(\Omega)$) | 0.46 |

LLM generates a different realtor description for another house-buyer

Outline

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- Information Design with a Learning Receiver
- Information Design with Large Language Models
- Summary and one more thing

Summary: Information Design + Learning & LLM

- **Commitment:** *Learning outcomes might differ from classic outcomes*
 - Sender can commit to a randomized mapping (“signaling scheme”) $\pi: \Omega \rightarrow \Delta(S)$ before state realization.
- **Bayesian receiver:**
 - Knowing the prior μ and signaling scheme π , the receiver does Bayes update after receiving signal s (and best responds)

- **Abstract signal space:**
 - Language doesn’t matter – only the correlation between signal and state matters. *Capture framing effect by theory and LLM*

Many research opportunities!

My Research Interests

“Learning-Based Incentive Design”:

- *Information Design*
- *Mechanism Design*
- *Algorithmic Game Theory*
- *Multi-Agent Learning*
-

