

Controlling Transparency by Benefit Principle of Public Information*

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Abstract

We reconsider controllability of degree of public information dissemination by introducing the concept of benefit principle of public information in beauty contest games. We find that, if the authorities charge users a constant fee of public information, it is difficult to maximize social welfare. The reason is that an equilibrium ratio of public information users is unstable. On the other hand, if the authorities charge users a fee as a function that is increasing with number of the users, the equilibrium become stable, and social welfare can be maximized.

Keywords: Benefit principle; Public information; Beauty contest games; Transparency of information

JEL classification: C73, D82, D83, and E5

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