

Optimal Testing in Disclosure Games" (joined with Helene Mass)

Abstract

We extend the standard disclosure model between a sender and a receiver by allowing the receiver to independently gather partial information, by means of a test – a signal with at most k realizations. The receiver's choice of test is observed by the sender and therefore influences his decision of whether to disclose. We characterize the optimal test for the receiver and show how it resolves the trade-off between informativeness and disclosure incentives. If the receiver were aiming at maximizing the informativeness, she would choose a deterministic test. In contrast, the optimal test involves randomization over signal realizations and maintains a simple structure. Such a structure allows us to interpret this randomization as the strategic use of uncertain evaluation standards for disclosure incentives.