

Multistage Information Transmission with Voluntary Monetary Transfer

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Abstract

We examine multistage information transmission with voluntary monetary transfer in the framework of Crawford and Sobel (1982). In our model, an informed expert (Sender) can send messages to an uninformed decision maker (Receiver) more than once, and the uninformed decision maker can pay money to the informed expert voluntarily as often as she receives a message. Our results are that under some conditions, (i) decision maker can obtain more detailed information from expert than that in Crawford and Sobel model, (ii) there exists an equilibrium whose outcome Pareto dominates all the equilibrium outcomes in Crawford and Sobel model, and (iii) decision maker can obtain higher ex ante expected payoff than that under mediation and delegation.

JEL Classification: C72; C73; D83

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