Mechanism Design with Evidence: Commitment and Robustness

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Abstract

We show that in a class of I-agent mechanism design problems with evidence there exists an optimal mechanism that is deterministic, satisfies robust incentive compatibility, and has an outcome that can be implemented even when the principal cannot commit. That is, the optimal outcome is implemented in a Perfect Bayesian equilibrium of a disclosure game where first the agents make cheap talk statements and present evidence and then the principal chooses a social alternative.