

# Communication with Endogenous Deception Costs

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Abstract :

We study how the suspicion that communicated information might be deceptive affects the nature of what can be communicated in a sender-receiver game. Sender is said to *deceive* Receiver if she sends a message that induces beliefs that are different from those that should have been induced in the realized state. Deception is costly to Sender and the cost is endogenous: it is increasing in the distance between the induced beliefs and the beliefs that should have been induced. A message function that induces Sender to engage in deception is said to be non-credible and cannot be part of an equilibrium. We study credible communication in the frameworks of Crawford and Sobel (1982) and Kamenica and Gentzkow (2011). The cost of deception parametrizes the sender's ability to commit to her strategy. Through varying this cost, our model spans the range from cheap talk, or no commitment, to full commitment.