

Abstract:

We study finitely repeated inspection games with one inspector and two agents, where the inspector has a commitment power, and we compare two monitoring structures. Under the public monitoring, both agents observe the past actions of the inspector; whereas under the private monitoring, each agent observes only whether himself was inspected or not. We show that the private monitoring is at least as good as the public monitoring from the perspective of the inspector. Moreover, the private monitoring is strictly better when the game lasts for a relatively short time (T small), or when the agents are relatively patient