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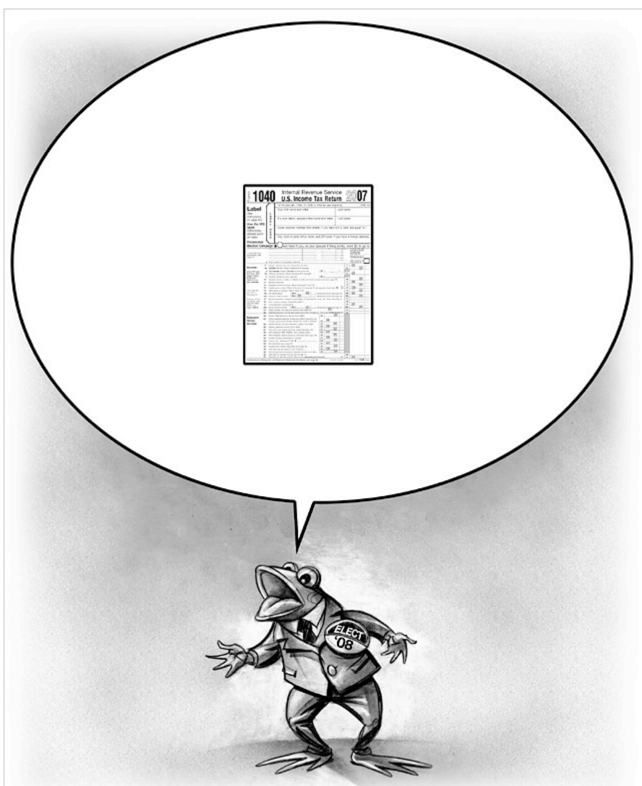
To Disclose or Not? Ask the Frogs

By ROBERT H. FRANK

ORDINARY citizens cherish the right to shield their personal financial and medical records from public view. Presidential candidates, by contrast, are expected to disclose such information in fine-grained detail. It’s a reasonable expectation, because candidates’ financial and health records are often relevant to voters’ decisions.



Yet because such information is often intensely personal, many candidates are reluctant to make it public. In the current election cycle, for example, Senator Hillary Rodham

Clinton released her family's recent tax returns only after enduring protracted criticism for her failure to do so.

Senator John McCain, for his part, has not yet released his recent tax returns or medical records, although he has promised to make them available soon.

Such reluctance flies in the face of an important principle from the economic theory that governs communication between potential adversaries. Known as the full-disclosure principle, it holds that rivals should find it advantageous to disclose all possible information about themselves that others might consider relevant, even when the information is highly unflattering.

The principle is neatly illustrated by the behavior of male frogs that want the same mate. In many species, the smaller animal generally defers to a larger, more powerful opponent. But frogs are nocturnal, and often can't determine the size of rivals simply by looking at them. Instead, they croak — and the frog with the higher-pitched croak, which is almost always smaller, defers to the one with the lower pitch.

But why would any high-pitched frog bother to croak in the first place, thereby revealing how small it is? Why not just remain silent?

Economists have an answer: A frog that stays silent would be assumed to be even less formidable than it really is. To see why, imagine that all high-pitched frogs remained quiet. One is bigger than all others, yet its silence suggests that it is of average size for its group. This frog does much better to croak, so it does. And so does the next biggest frog, and on and on, until only the smallest frog is left.

The full-disclosure principle thus suggests why individuals sometimes divulge unflattering information about themselves. Their silence might encourage observers to draw even less-flattering inferences. Yet, as recent experience involving candidates' tax returns and medical records demonstrates, the prediction that people will voluntarily disclose such information is clearly wide of the mark.

Why? So far, at least, the answer doesn't seem to be that the returns were withheld because they contained the least flattering information possible.

As commentators were quick to point out, the Clinton tax returns revealed that the couple has earned an enormous sum — $109 million — since leaving the White House. But that is certainly not as unflattering as a disclosure could be.

The tax returns of Senator Barack Obama, who took the lead in the latest round of financial disclosure, showed a similar, if less spectacular, spike in recent income. There were no big surprises, though some commentators complained that the

Obamas had donated only a relatively small percentage of their income to charity.

If Senator McCain eventually releases his tax returns and post-2000 medical records, they, too, will be scrutinized — and, in the end, may well be similarly devoid of big surprises. In fact, it seems reasonable to assume that they will fall far short of the most negative information people might imagine.

And yet Senators Clinton and McCain seemed willing to endure extensive criticism for their failure to disclose personal information more promptly, apparently preferring to let voters imagine the worst.

A possible reason for the breakdown of the full-disclosure principle is evident in more mundane cases. Although it predicts that someone would never say "You can't come over now because my apartment's such a mess" (because such statements should provoke the conclusion that the apartment was as messy as an apartment could be), people actually make such statements about their apartments all the time.

The disconnect stems from the difference between how we are affected by logical inference on the one hand, and actual experience on the other. It is one thing to conclude logically that someone's apartment must be messy. It is quite another to confront the stench of rotting garbage in the kitchen. In a case like this, it's probably better to let your friends imagine what they will.

Similar considerations may inhibit disclosure by politicians. Sometimes it may seem best to leave unpleasant details to the conjecture of others.

Still, the full-disclosure principle provides some useful insight into candidates' behavior — but only up to a point. It may help to explain why David A. Paterson, who became governor of New York in the wake of Eliot Spitzer's resignation, was so quick to disclose unflattering personal information that went beyond what many of his constituents seemed eager to learn. But the principle's simple logic does not explain why so many politicians are so reluctant to disclose seemingly basic personal financial and medical information.

THE plain fact is that it is much harder for journalists to write about imaginary problems, even big ones, that might be lurking in unreleased tax returns and medical records, than to write about actual problems, even small ones, that turn up in the records themselves.

Voluntary disclosure has clear limits. And because voters have legitimate reasons for wanting to be well informed about the health and finances of candidates for high office, disclosure requirements need to be strict. On these subjects, politicians all too often remain silent.

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