

Effective Communication in Cheap-Talk Games
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ABSTRACT

This paper studies cheap talk games by imposing a monotonicity condition on Sender strategies and then applies iterative deletion of weakly dominated strategies. This procedure selects among Crawford and Sobel (1982) equilibria, typically selecting the outcome with the maximal number of induced actions. Other refinements, such as NITS, select the same outcome. It also predicts that Senders will inflate their communication using only relatively high messages in equilibrium.

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