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DISA Seminari

**The Effects of Costless Pre-play Communication:
Experimental Evidence from Games with
Pareto-ranked Equilibria**

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Venerdì 26 Settembre, ore 17.00

Aula riunioni DISA

Costless messages, when added to games with Pareto-ranked equilibria, can facilitate both quick convergence to, and participants' initial coordination on, the Pareto-dominant equilibrium. This result which poses interesting theoretical challenges is quite robust to the game and the order statistic chosen. In the "median game" reported here, slightly more than half of our experimental participants succeed initially in using costless pre-play communication to coordinate on the Pareto-dominant equilibrium.. This percentage is significantly higher than in a corresponding control treatment without pre-play communication. Having reached this critical mass, convergence is swift with messages but does not occur without messages. In the "minimum game" reported here, an even larger fraction of experimental subjects (about 80 percent) manages to coordinate initially on the Pareto-dominant equilibrium, surprisingly both in the treatment with pre-play communication and the corresponding control treatment without pre-play communication. The higher percentage of initial coordination allows our subjects to stay in the neighborhood of the Pareto-dominant equilibrium when message are available. However, without messages unraveling to the lowest-ranked equilibrium happens swiftly. The results of our control treatments are in line with results for median and minimum games well-documented in the literature. Our results on cheap talk, however, are novel. Our experimental evidence on efficient play after convergence is roughly consistent with theories proposed for cheap-talk games. The evidence on convergence to efficient play is mixed, somewhat favoring theories that permit a role for message profiles which are not themselves equilibria and which change over time.

Referente

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