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Cheap talk and sequential equilibria in signaling games. (English) Zbl 0856.90137
Econometrica 64, No. 4, 917-942 (1996).

Summary: Well-behaved infinite signaling games may have no sequential equilibria. We prove that adding cheap talk to these games “solves” the nonexistence problem: the limit of sequential equilibrium outcomes of finite approximating games is a sequential equilibrium outcome of the cheap-talk extension of the limit game. In addition, when the signaling space has no isolated points, any cheap-talk sequential equilibrium outcome can be approximated by a sequential ε -equilibrium of the game without cheap talk.

MSC:

[91A05](#) 2-person games
[91A20](#) Multistage and repeated games

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