Information-Revelation and Coordination Using Cheap Talk in a Battle of the Sexes with Two-Sided Private Information

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Abstract

We consider a Battle of the Sexes game with two types, High and Low, for each player and allow cheap talk regarding players’ types before the game. We prove that the unique fully revealing symmetric cheap talk equilibrium exists for a low range of prior probability of the High-type. This equilibrium has a desirable type-coordination property: it fully coordinates on the ex-post efficient pure Nash equilibrium when the players’ types are different. Type-coordination is also obtained in a partially revealing equilibrium in which only the High-type is not truthful, for a medium range of prior probability of the High-type.

Keywords: Battle of the Sexes, Private Information, Cheap Talk, Coordination, Full Revelation.

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