



## Upcoming Seminars

### Monday, 15.5.2023

### Departmental Seminar 1

13.30-14.30  
AWI room 00.010

Attila Ambrus, Duke University  
"Cheap talk with extreme states"  
(Host: Christoph Vanberg)

### Wednesday, 17.5.2023

### Departmental Seminar 2

12.15-13.15  
AWI room 00.010

Christine Binzel, FAU Erlangen-Nürnberg  
"The Effectiveness of International Certification Schemes"  
(Host: Stefan Klonner)

## Abstracts

### Departmental Seminar 1

Attila Ambrus

"Cheap talk with extreme states"

This paper extends the classic cheap talk model of Crawford and Sobel (1982) to unbounded state spaces, and investigates how tail properties of the distribution of the state affect information transmission in equilibrium. Equilibria continue to have the interval partition structure, but for thin tailed distributions there is no upper bound on the number of partition cells, and there can be equilibria with infinitely many cells. Nevertheless, the effectiveness of communication depends on the magnitude of the sender's bias, as in Crawford and Sobel, as that determines how coarse information transmission is at the central parts of the state distribution. Our findings are qualitatively different for fat tail distributions, where we find that there is always an upper bound on the number of partition cells in equilibrium. Moreover, no matter how small (but nonzero) the magnitude of the sender's bias is, as the tail of the

distribution gets heavier, the expected payoff of the receiver diverges to negative infinity. Many policy relevant variables in finance, macroeconomics and the economics of climate change are standardly modeled using fat tailed distributions. Our findings reveal that in such settings it can be difficult for an informed expert to credibly reveal information to a policymaker, even if their preferences are closely (but not perfectly) aligned.

\*with Luke Zhao

## **Departmental Seminar 2**

Christine Binzel

"The Effectiveness of International Certification Schemes"\*

In recent decades, national and international agreements and regulations have increased, including certification schemes, Corporate Social Responsibility (CSR), and sustainability reporting, with the aim to address global challenges, such as the looting of natural resources and the violation of ethical and sustainability requirements. Whether these efforts have been successful is controversial. One major concern is that such attempts may be little effective in countries with weak governance. In this paper, we study the impact of a commodity certification scheme on armed conflicts in Africa. Our results show that this scheme significantly contributed to a decline in the incidence of armed conflicts in the 2000s.

\*with Dietmar Fehr and Andreas Link

## **Talks and Research Visits**

Joep Lustenhouwer co-organized an online panel discussion on the effectiveness of the sanctions imposed on the Russian Federation. The recording of the event can be viewed under the following link. <https://www.youtube.com/watch?v=zFz-m-HfC4M&t=4031s>

Editorial deadline for issue 12/2023 of the newsletter:  
Wednesday, May 17, 2023, 12 p.m.  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)