Abstract

We consider the trade-off between talking and listening in a laboratory experiment that records a person's decision to claim a limited information channel for herself. Each of two team members receives a private signal about the state of the world and decides whether to `talk' and share her own signal with her team mate or to `listen' and obtain knowledge of the team mate's signal. The goal of the team effort is to correctly predict the state of the world in a subsequent guessing stage. Building on the literature on overconfidence, we hypothesize that a player's talking decision is negatively correlated with the task difficulty: the `hard-easy effect' suggests that players tend to talk more in situations where information is relatively precise---but also for the listener. In our game, this intuition can be formalized through introducing overconfidence about one's signal prediction. Indeed we find that a more precise information structure leads to a higher talking frequency, with a difference of about 5 percentage points, relative to a baseline of 48 percent. In treatments where a natural context for the conversations was used, the talking frequency is, likewise, significantly higher if the context is easier.