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AWI This Week

Monday, 23.1.12

Departmental Seminar

17.15-18.45
AWI 00.010

Hans Haller, Virginia Tech, USA
"Network Extension"

Wednesday, 25.1.12

Departmental Workshop

17.15-18.45
AWI 00.010

Christiane Schwieren, University of Heidelberg
"The Point Destruction Game"

Jour Fixe

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI.

Departmental Seminar

Hans Haller

"Network Extension"*

In a model of strategic network formation, the endogenously formed social or information network is built around a pre-existing network. We envisage that the pre-existing or core network is publicly provided. Strategic network formation is decentralized: Players act in their private interest and bear the costs when adding links to the pre-existing network. We study how the pre-existing or publicly provided network affects existence of Nash equilibria and efficiency of Nash equilibrium outcomes: It can foster or prohibit existence of Nash equilibria. It can improve or worsen equilibrium welfare. Special attention is paid to an insider-outsider model where society is partitioned into several groups and links within a group (between insiders) are much cheaper than links across groups (between outsiders). We also investigate the relationship between different notions of efficient networks, Pareto optimal networks on the one hand and welfare maximizing networks on the other hand; present equilibrium existence results; examine the effect of efficient publicly provided networks; and design and analyze a subscription game for the public provision of a network.

*paper available on request

Departmental Workshop

Christiane Schwieren

"The Point Destruction Game"*

Recently, the dark side of human behaviour left the shadow and got under the spotlight of research in experimental economics. Some experiments found that subjects do not only show social preferences, but also anti-social preferences. Subjects destroy money of other participants, and they even incur costs to do so. We introduce the Point Destruction Game (PDG) to further analyse this behaviour. In this game, points on the screen visualize money and can be destroyed by participants. So far, we only have data from one pilot study. We therefore will first introduce our design and all different treatments we plan to conduct, and then describe our first results from the pilot study. Subjects will play the PDG in groups of four. We are interested in the conditions for the occurrence of destruction; in particular, we want to investigate the impact of boredom and awareness of joint ownership of the good that can be destroyed. Therefore we will implement the following treatments: in treatment one, the PDG is accompanied by a real-effort task while in treatment two, the PDG happens in the waiting time between different real-effort tasks. To induce an awareness that the points are joined income we use framing. When the points are framed as a common good, as in our pilot study, we conjecture that little or no destruction will happen, while more destruction will happen when the same situation is framed as destruction of income of other persons. In our pilot study, where another task was present (low boredom) and the points were framed as joined income, we found no destruction at all. We now will run the other treatments described to understand under which conditions destruction occurs.

*with Julia Müller and Florian Spitzer

Talks and Research Visits

Christiane Schwieren presented her joint paper with Julia Müller "The point destruction game" at the M-WASEB in Magdeburg, January 13; she also gave a talk on "Stress and economic decision making" in the seminar series of the DFG Graduiertenkolleg 895 "Information Management and Market Engineering" at KIT, Karlsruhe, January 12.

New and Leaving Staff

Nicolas Keller started working at the AWI in November 2011. He is a Ph.D. student at the chair of Christina Gathmann and his research focuses on applied microeconomics and labor economics.



**Editorial deadline for issue 4/2012 of the newsletter:
Wednesday, January 25, 2012, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.