



INSTITUTE OF ECONOMIC GROWTH

University Enclave, University of Delhi (North Campus), Delhi-110 007, INDIA

July 15, 2019

SEMINAR NOTICE

Topic: "Silver Spoons and the Leisure Class: Strategic Complementarity and Substitutability in Networks"

Speaker/s: Dr. Sudipta Sarangi, Professor and Head, Department of Economics, Virginia Tech, Blacksburg, Virginia, USA

Chair: Professor Ajit Mishra, Director, IEG

The seminar details are as follows:

Date & time: Friday, July 26, 2019 at 3.30 p.m.

Venue: A.M. Khusro Room
Institute of Economic Growth,
University Enclave, North Campus,
Delhi-110 007

All are welcome.

(Oindrila De)
Seminar Coordination Team

Abstract:

This paper examines the formation of one network G (the professional network), when connections in a second network H (social network) are inherited under two scenarios: (i) the inherited network is asymmetric allowing for a wide range of graphs called nested split graphs, and (ii) the inherited network is symmetric in degrees and Bonacich centrality. The bulk of our paper assumes that both G and H are interdependent because the respective actions in each are (weak) strategic complements. This complementarity creates a silver spoon effect whereby those who inherit high Bonacich centrality in the given network will continue to have high centrality in the formed network. There is however a silver lining: depending on the costs of link formation, the formed network may allow for an improvement in centrality. As an application, we introduce an overlapping generations models to analyze intergenerational transmission of inequality through networks. Finally, we explore the implications of actions across the networks being strategic substitutes. This can lead to a "leisure class" à la Veblen where well connected agents in H establish no links in G , and those with no connections in H form all the links in G . Our analysis provides insight into preferential attachment, and how asymmetries in one network may be magnified or diminished in another, and why players with links in one network may form no links in another network and vice versa.