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# WIRTSCHAFTSTHEORETISCHES FORSCHUNGSSEMINAR

## RESEARCH SEMINAR IN ECONOMIC THEORY

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**April 15, 2010**

**University of Vienna**

1010 Wien, Dr. Karl Lueger-Ring 1

“Elise Richter-Saal”

(from the main entrance go left and then straight all the staircases up)

**4:00pm**

**Luca Merlino,**

*Universitat Autònoma de Barcelona:*

***“Endogenous Job Contact Networks”***

Abstract printed on the next page

**5:30pm**

**Jana VYRASTEKOVA,**

*University of Nijmegen:*

***“Cooperation in a sequential N-person prisoners' dilemma game:  
the role of information and reciprocity”***

Abstract printed on the next page

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<http://www.univie.ac.at/vwl/EconomicTheory.html>

NOTE: Participation of advanced students in this seminar is highly recommended.

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## ABSTRACTS

**Luca Merlino,**  
*Universitat Autònoma de Barcelona:*

### ***“Endogenous Job Contact Networks”***

We develop a model where workers, anticipating the risk of becoming unemployed, invest in connections with the view of accessing information about available jobs that other workers may have. The investment in connections is high when the job separation rate in the labor market is moderate, whereas it is low for either low or high levels of job separation rate. The equilibrium response of network investment to changes in the labor market conditions generates novel empirical predictions. In particular, the probability that a worker finds a new job via his connections increases in the separation rate, when the separation rate is low, while it decreases when the separation rate is high. These predictions are supported by the empirical patterns which we document for the UK labor market.

with Andrea Galeotti (University of Essex).

**Jana VYRASTEKOVA,**  
*University of Nijmegen:*

### ***“Cooperation in a sequential N-person prisoners' dilemma game: the role of information and reciprocity”***

We investigate experimentally the possibility of cooperation in a sequential prisoners' dilemma game under the conditions identified by Nishihara (1997). He shows for (a subclass of) N-person prisoners' dilemma games that when the players move sequentially, but the order of moves is not known, full cooperation can be attained in a Nash equilibrium under an information structure allowing for trigger strategies. In our experiments, we find that subjects do not coordinate frequently on the payoff dominant equilibrium identified by Nishihara. Moreover, cooperation is more frequent in the same sequential game played with a known order of moves. We relate this theoretically contrainuitive observation to the role of reciprocity.

with. Yukihiro Funaki (Waseda University, Tokyo).

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