

PET 2005 Marseilles – A report of CTN Sessions

by Sergio Currarini

PET 05 Marseilles (www.pet2005.org), in conjunction with the Journées Louis-André Gérard-Varet and sponsored by GREQAM-IDEF & Université de la Méditerranée (Aix-Marseille II), was held in Marseilles, on June 16-18th, 2005.

This edition hosted two special sessions on Coalition and Network Theory, that have been organised as a special CTN activity. I would like to take this opportunity to Thank Silvia Bertolin, Myrna Wooders, Guillaume Haeringer and Frédéric Rychen who worked with me for the organisation of the sessions.

Dinko Dimitrov "A taxonomy of myopic stability concepts for hedonic games"

Dimitrov's paper presents a taxonomy of myopic stability concepts for hedonic games in terms of deviations, and discuss the status of the existence problems of stable coalition structures. Hedonic games have the characteristic that agents have preferences defined only and directly on the coalition the composition of the coalition they belong to. The paper focuses on the existence of two of the new stability concepts – contractual Nash stability and weak individual stability. The existence of the latter is shown by providing sufficient conditions guaranteeing the existence of strong individual stability that implies weak individual stability. Sufficient conditions for the existence of contractually Nash stable and strong individually stable coalition structures on the class of separable games are also provided.

Hans-Peter Weikard "Cartel Stability under an optimal Sharing rule"

Weikard's paper extends the theory of stable cartels to the case of heterogeneous players. Stable cartels are defined by internal and external stability, requiring that no member wishes to leave the coalition and that no outside player wishes to become a member of the coalition. The main results is that under positive externalities, the presence of heterogeneous players may lead to the formation of the grand coalition, contrary to the prediction of previous works in the literature. This possibility is illustrated by means of a public good example, to which the specific assumption of the paper apply.

Gerald Pech "A Coalition Dominance Approach to Party Behavior"

Pech's paper studies the relative performance of voting systems with majority voting (MV) on one hand and proportional representation (P R). The paper models parties as coalitions of agents who pursue similar political objectives. Forming a party offers a commitment device for agents to act together according to an agreed decision making procedure. The novelty of the paper is that when forming a party, agents have to be forward looking so that they are able to form expectations over the impacts of their move on future voting outcomes and policy decisions.

Pech employs a forward looking solution concept, in which only such outcomes can be used to block considered moves which are either stable themselves or which are an element of some cycle. This is apparently obtained as some variation of Ray and Vohra's Equilibrium Binding Agreements, although it is not completely clear how the concepts are related.

The main conclusions are that the consequences of Proportional Representation (PR) depend on the attitude of the government. If the government is one of political change, P R moderates policy outcomes. If it defends the status quo, PR is likely to be more conservative.

Jean-Christophe Péreau "Bargaining with non-monolithic players"

This paper studies a model of bargaining in which one of the two parties can break up into several parties during the bargaining process. Possible examples are international negotiations between blocks of countries. The model is set in an incomplete information setting, in which an uninformed party has to make an offer to an informed party, which can strategically split up as a response to the proposals. The paper shows that the presence of a non monolithic informed player increases the chances to obtain an agreement while it reduces the chances of a significant amount of transfers from the leader to the informed party. This because the possibility of scission implicitly implies that the informed party loses the advantages that it had from its private information. It follows that the informed party may benefit from committing not to implement any kind of scission after negotiations have started.

CTN SESSIONS AT PET05 - PROGRAMME

Saturday, June 18, 2005

CTN SESSION 1: 11.30 – 13.00

Parkash Chander, *National University of Singapore*

[The Gamma-Core and Coalition Formation](#)

Dinko Dimitrov, *Institute of Mathematical Economics, Bielefeld University*

[A taxonomy of myopic stability concepts for hedonic games](#)

Hans-Peter Weikard, *Department of Social Sciences, Wageningen University*

[Cartel stability under an optimal sharing rule](#)

CTN SESSION 2: 14.15 – 15.45

Alessandro Cigno, *Dipartimento di Studi sullo Stato, University of Florence*

[The family as an intergenerational coalition: a constitutional approach](#)

Gerald Pech, *Department of Economics, National University of Ireland Galway*

[A Coalition Dominance Approach to Party Behavior and the Moderating Effects of Proportional Representation](#)

Jean-Christophe Péreau, *University of Marne La Vallée*

[Bargaining with non-monolithic players](#)