

Report

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Enfranchisement, Intra-Elite Conflict and a Weak Median Voter

Eugenio Proto (Warwick University)

Does power sharing between competing elites result in franchise extension to non-elites? In this paper, we argue that competing, risk-averse elites will enfranchise a numerically large but weak non-elite as insurance against future, uncertain imbalances in relative bargaining power. We show that even when enfranchisement results in negligibly small changes in the distribution of power between elites and the non-elite, there are discontinuous and dramatic changes in equilibrium surplus distribution among the elites, with the possibility that only a small amount of surplus reaches the newly enfranchised non-elite. We argue that our formal analysis accounts for the stylized facts that emerge from a comparative analysis of Indian democracy and an historical analysis of the democratization of some Western European countries.

Efficiency and stability in a model of wireless communication networks

Sunghoon Hong (Seoul National University)

We introduce a model of (wireless communication) networks: a group of agents want to communicate with each other. Each agent is characterized by his position in a real space. Then each agent can choose his communication range. Any two agents can directly communicate if each agent belongs to another agent's communication range. Also, they can indirectly communicate if two agents are connected through a sequence of direct communications. Agents can benefit through the communication, but building a communication range is costly. Although efficiency and stability are not compatible in a general context, we identify an interesting subclass of problems where an efficient and stable network exists: the uniform interval model, the uniform circle model, and the communication favorable domain. Also, we investigate the consequence of allowing agents to relocate their positions. As it turns out, for a certain network, relocation-proofness is equivalent to stability.

Collusion in organizations and management of conflicts through job design and authority delegation

Yutaka Suzuki (Hosei University)

We analyze a three-tier hierarchy with a principal, a supervisor and two productive agents. The agents' efficiency parameters are unknown to the principal (hidden-characteristics element) and perfectly negatively correlated. The supervisor is used by the principal to report which agent is more efficient, but he also has a productive role and may reduce the cost of each agent's task (hidden-action element). We show that, under asymmetric information on the true efficiency of agents and when the task assignment induces future benefits (in terms of possible promotion and reputation enhancement), there exists scope for collusion between the supervisor and the less efficient agent. Then, for some parameters, collusion-proof contracts may be a second best optimal solution, and for other parameters, equilibrium collusion may be optimal. More specifically, allowing vertical collusion (competition for the coalition formation with the supervisor) or allowing its possibility and promoting lateral collusion among agents in equilibrium may be optimal. As a characterization result, the low-powered job for the agent and the high-powered job for the supervisor are derived as a nature of optimal solution in each of the two regimes. Our model endogenously determines who should hold the real authority on the task assignment problem in organizations, and investigates under which conditions authority delegation may improve the overall efficiency.